



Traditional Lenders vs. Non-Traditional Lenders

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Traditional Lenders' Requirements

The specific requirements for a bank loan for a real estate project can vary, but generally, you'll need:

1. **Detailed Business Plan**
2. **Financial Statements**
3. **Credit History**
4. **Collateral**
5. **Loan Amount and Down Payment**
6. **Experience**
7. **Income and Cash Flow**
8. **Market Analysis**
9. **Legal and Regulatory Compliance**
10. **Appraisal and Valuation**



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Traditional Lenders' Requirements



The specific requirements for a bank loan for a real estate project can vary, but generally, you'll need:

- 1. Detailed Business Plan:** This should outline the project's scope, goals, timeline, and financial projections.
- 2. Financial Statements:** Your personal and/or business financial statements to assess your financial health.
 - a. W2 (Employee) vs. 1099 (Self Employed)
 - b. Liquidity
 - c. Assets
- 3. Credit History:** A good credit score and history demonstrate your ability to manage debt.



Traditional Lenders' Requirements

4. **Collateral:** The property itself, or other assets, that can serve as security for the loan.
5. **Loan Amount and Down Payment:** You may need to contribute a portion of the project's cost as a down payment.
 - a. Borrower's Equity - 25% - 30% (Down Payment)
 - b. Loan-to-Value (LTV) - 65% - 75%
 - c. Interest Rate 7% - 12%
6. **Experience:** Demonstrable experience in real estate or related fields can boost your credibility.
 - a. New Developer
 - b. Experienced Developer
 - c. Development Team



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Traditional Lenders' Requirements

7. **Income and Cash Flow:** Your ability to generate sufficient income to repay the loan.
8. **Market Analysis:** A comprehensive analysis of the real estate market and potential demand for your project.
9. **Legal and Regulatory Compliance:** Ensuring your project adheres to local zoning laws and regulations.
10. **Appraisal and Valuation:** A professional appraisal of the property's value.
 - a. Appraisal Reports for traditional lenders are non-negotiable
 - b. The appraisal can significantly affect your LTV loan amount



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Non-Traditional Lenders' Requirements

1. Executive Summary
2. Developer/Sponsor Overview
3. Development Team Information
4. Board of Directors (if applicable)
5. Non-Profit Documentation
6. Financial Statements of Sponsor/Guarantor (nonprofit)
7. Financial Statements of Developer/Guarantor (forprofit)
8. REO Schedule
9. Evidence of Site Control
10. Development Financial Statements (occupied only)
11. Rent Rolls
12. Market Study (within 12 months)
13. Development Budget (Sources & Uses)
14. 30-Year Proforma
15. Capital Need Assessment
16. (2) project support letters from (community groups)
17. ESA Phase1 (Environmental)
18. Relocation Plan (occupied only)
19. Appraisal
20. Contractor's Qualification Statement
21. Architectural Plans
22. Owner-Architect Agreement
23. Guarantee Maximum Price (GMP) contract
24. General Contractor Agreement
25. Marketing Plan
26. Financing Commitments
27. Insurance
28. Lead/Asbestos Inspection Report
29. Property Management Agreement
30. Construction Schedule



Non-Traditional Lenders' Requirements

1. Executive Summary

- a) Development timeline for acquisition
- b) Financial model
- c) Design development (SOW)
- d) Construction start/end dates
- e) Lease-up and/or sales
- f) "Tell Your Story"

2. Developer/Sponsor Overview

- a) History
- b) Purpose
- c) Mission
- d) Summary of development experience
- e) Annual report (if available)
- f) Brief bios for key staff

3. Development Team Info

For all members (Co-Developer, Development Consultant/ Owner's Rep., General Contractor, Architect, Construction Inspector, Property Management Company, Borrower's Attorney)

- a) Contact Information
- b) Qualifications
- c) Resume

4. Board of Directors (if applicable)

- a) Brief bios/terms, including current occupation



Non-Traditional Lenders' Requirements



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5. Entity Documentation

- a) FEIN
- b) DUNS#
- c) By-laws
- d) Operating Agreement
- e) Articles of Corporations
- f) Certificate of Good Standing

6. Financial Statements of Sponsor/Guarantor (nonprofit)

7. Financial Statements of Developer/Guarantor (for-profit)

8. REO Schedule

9. Development Financial Statements (occupied only)

10. Rent Rolls

11. Evidence of Site Control



Non-Traditional Lenders' Requirements

12. Market Study (within 12 months)

13. Capital Need Assessment

14. ESA Phase1 (Environmental)

15. Lead/Asbestos Inspection Report

16. Appraisal Report

17. Architectural Plans

18. Development Budget

- a) Sources & Uses
- b) Soft Cost
- c) Hard Costs

19. 30-Year Proforma

- a) Net Operating Income
- b) Net Operating Expenses
- c) Debt Service
- d) Cashflow

20. (2) project support letters from (community groups)

21. Relocation Plan (occupied only)

22. Contractor's Qualification Statement

23. Guarantee Maximum Price (GMP) contract

- a) Not-to-exceed contract

24. General Contractor Agreement

25. Owner-Architect Agreement

26. Property Management Agreement

27. Marketing Plan

- a) Pre-Lease Plan
- b) Lease up strategy
- c) Social Media

28. Financing Commitments

29. Insurance

30. Construction Schedule



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